

Headquarters Air Mobility Command



AMC Business Efficiency (ABE) Initiative

**Maj Marty Baugh
HQ AMC/LGCO**

***Enabling the “Global” in “Global Reach—Global
Response”***



OVERVIEW



- **Background**
- **ABE Study**
- **ABE-GPC Initiative**
- **Schedule and Progress**
- **Looking Ahead**
- **Summary**
- **Q&A**

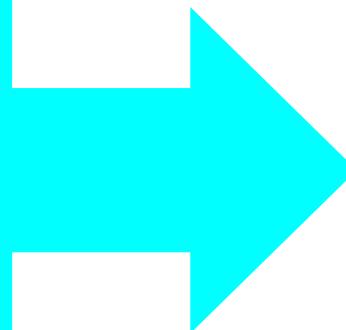
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AMC BUSINESS EFFICIENCY (ABE)



- **AMC CONTRACTING**
- **BUSINESS**
- **EFFICIENCY**



ABE

Make Every Penny Count!

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ABE INTRODUCTION/OVERVIEW



- **AMC Initiative to Improve Performance While Reducing Costs**
- **Focus: Improve Processes' Efficiencies**
 - **Do Things Smarter and Cheaper**

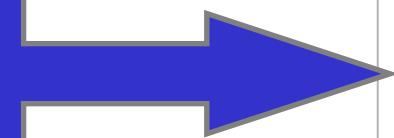


EFFICIENCIES OPPORTUNITY

Purchased Goods and Services



\$131B
segment



FY02 Defense Budget
\$329 billion

*Purchased
goods
&
services*
40%

Personnel
41%

Weapons
procurement
19%

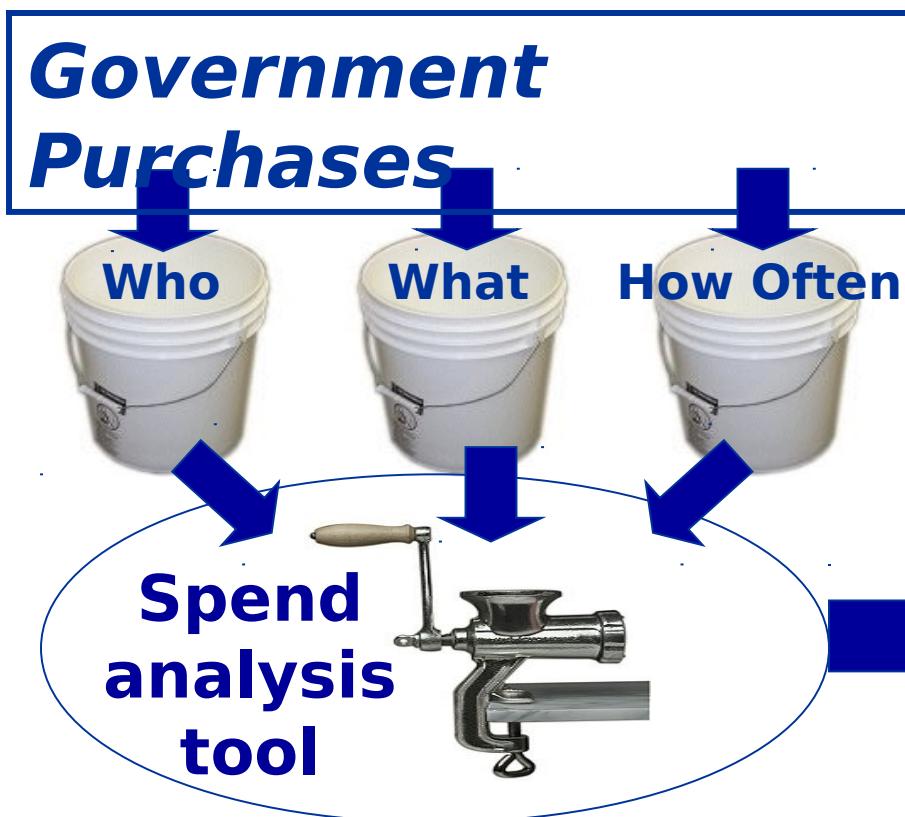
- **One-third of AF budget =
purchased goods and services**
 - **Large and growing target area for cost
savings**

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Power”*



SPEND ANALYSIS

Business Intelligence is a Must!



Enables Development of Long Term Strategy

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MOBILITY SYSTEMS BUSINESS EFFICIENCIES STUDY OVERVIEW



(aka: ABE Study)

- **AMC/LGC-led Study in FY02**
- **Evaluated AMC Purchasing Strategies for Mobility Systems and Operations**
- **Reviewed Opportunities For Increased Efficiencies**

*Across-the-Board
Review*

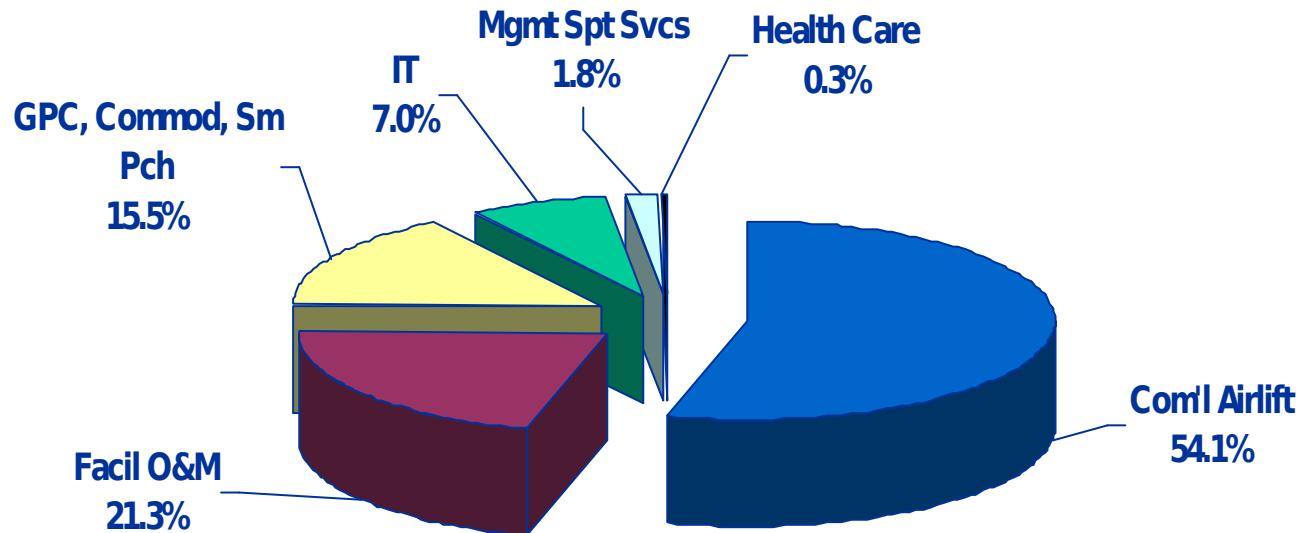
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AMC MAJOR BUSINESS SECTORS



(FY02)



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ABE STUDY FINDINGS



Opportunities to Obtain Efficiencies

- **Government Purchase Card Buys**
 - **Reduce Retail Buying**
 - **Leverage Volume Purchasing**

- **Domestic Airlift Requirements Generation—opportunities Exist**
 - **Improved Requirements Consolidation and Forecasting**

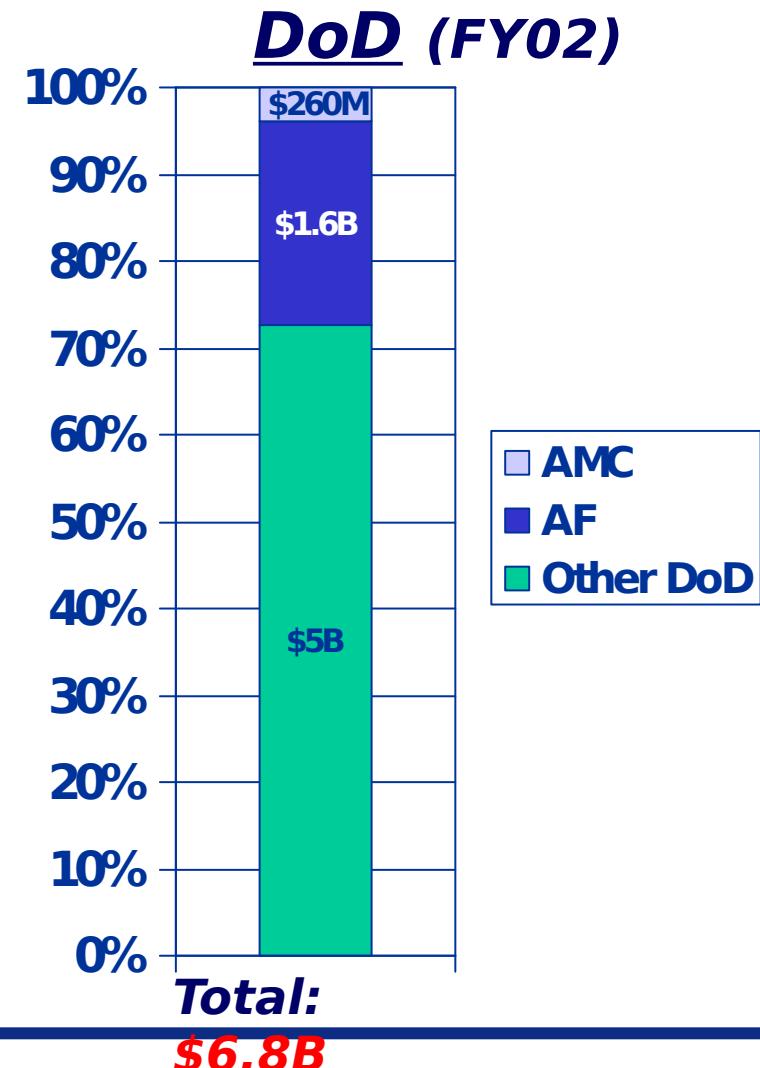


WHAT OPPORTUNITIES?



AF GPC Program

- **FY01: \$1.3B → FY02: \$1.6B**
- **Growing Each Year**
- **Less Than Optimal Efficiency**



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ABE-GPC INITIATIVE

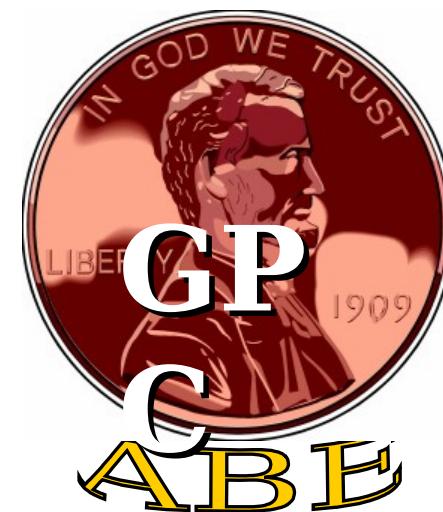


■ Improve Purchasing Strategies

■ Opportunities:

- Spend More Efficiently
- Manage the Supplier Base
- Reduce Cost of Doing Business

■ Dividends: Stretched Dollars



***Less Retail...More
Wholesale***

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ABE-GPC INITIATIVE ACTION PLAN



- Developed GPC Business Efficiency Initiative Action Plan in June 02
- Major Milestones:
 - Form AP Team
 - Completed in July 02
 - Market Analysis
 - Completed in Sep 02
 - Implement Marketing Plan
 - Began in Jan 03
 - Institutionalize Initiative/Continuous Training
 - Metrics Developed to Track Progress



ABE-GPC CHALLENGES



- **Procurement Is NOT Cardholders' Main Job/focus—Usually, An Additional Duty**
- **Mandatory Sources Not a Concern to Them**
- **Go for “Easiest” Solution Vs “Smartest”**



ABE-GPC APPROACH



GPC
↓
*Partn
er*



DVD

Direct Vendor
Discounts



GSA

General Services
Administration

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GSA ADVANTAGE

Saves Time, Effort, \$\$\$



- **Cardholders Can Work More Efficiently**

- **Purchases Made From the Desktop**

-  **Identifies Mandatory Products (E.G., JWOD, NIB and NISH, and Recyclable Items, Etc.)**

- **Products Shipped Directly to the Buyer / Requester**

- **Prices Average ~15% Less than Retail--Includes Shipping**
 - **Immediate Priority Shipment Pricing Available**

- **Reorders of Recurring Items Are Simple**



GPC PURCHASES AMC TOTAL (FY02)



- GPC Total Dollars \$260,331,447
- GSA Advantage Total Dollars \$1,943,004
1.1%



AMC Analysis:

GSA Advantage: Severely Underutilized by Cardholders

Significant Savings Opportunity



ADDITIONAL OPPORTUNITY



Direct Vendor Discounts (DVD)



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DVD Initiative



■ Untapped Opportunities

- **Volume Purchases at Patronized Local Merchants Can Be Leveraged to Obtain Price Discounts**
- **Some Local Vendors Have GSA Contracts And/or BPAs--Most Do Not**
- **CARE provides Spend Analysis Data on Your Vendors**



DVD OPPORTUNITIES



AMC EXAMPLES

BASE	MERCHANT	FY02 SALES
Andrews	Camp Springs Auto Parts	\$184,822.46
Charleston	Strobel Oil & Tire Co.	\$112,319.44
Dover	Dover Electric Supply Co.	\$144,025.31
Fairchild	Stoneway Electric Supply	\$68,521.16
Grand Forks	Meland Lumber Co.	\$270,731.08
MacDill	Ocean Flooring Inc.	\$129,772.16
McChord	Les Schwab Tires	\$89,887.06
McConnell	Star Lumber	\$76,693.12
McGuire	Fairlite Electric Supply	\$50,947.22
Pope	Batteries Plus	\$73,233.50
Scott	St. Clair Electric Supply	\$124,519.28
Travis	Kings Office Products	\$182,449.18

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ABE-GPC APPROACH



GPC
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DVD

Direct Vendor
Discounts



GSA

General Services
Administration

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GPC ABE Initiative Schedule and Progress

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Reach”***



ABE-GPC Action Plan Schedule



INITIATIVE DATE

GPC Workshop (Train the Trainer).....29-30 Oct 02

AMC/LG Policy letter (E-mail) to the field.....Nov 02

Cardholders' Training Completed (A/OPCs).....On-Going

GSA Advantage "How To" Training Completed.....On-Going

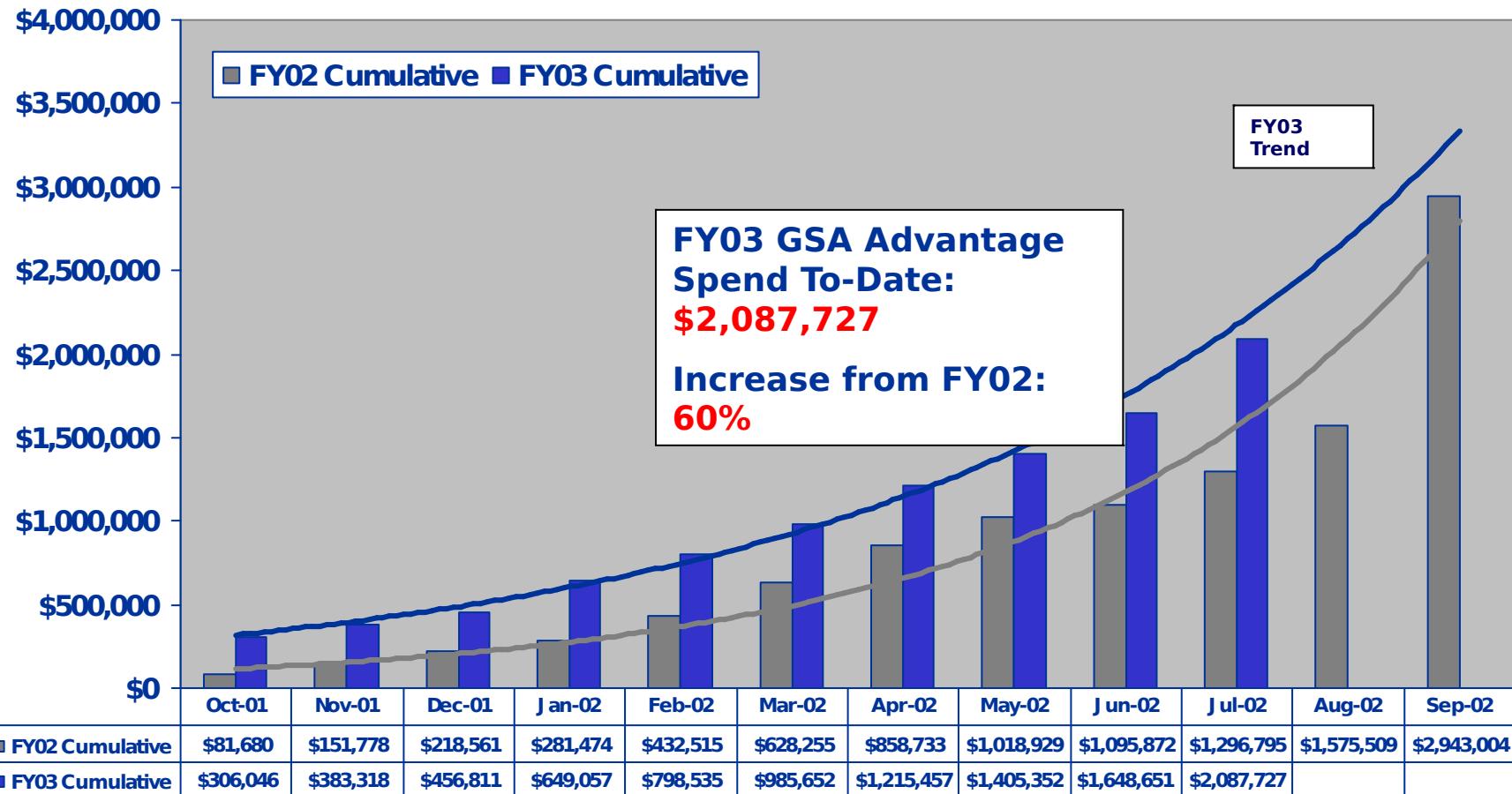
Engage Local MerchantsStart: Feb 03

Monthly Assessment / Feedback.....Start: Mar 03

Annual Report.....Jan each Yr



AMC GPC GSA Advantage Spend



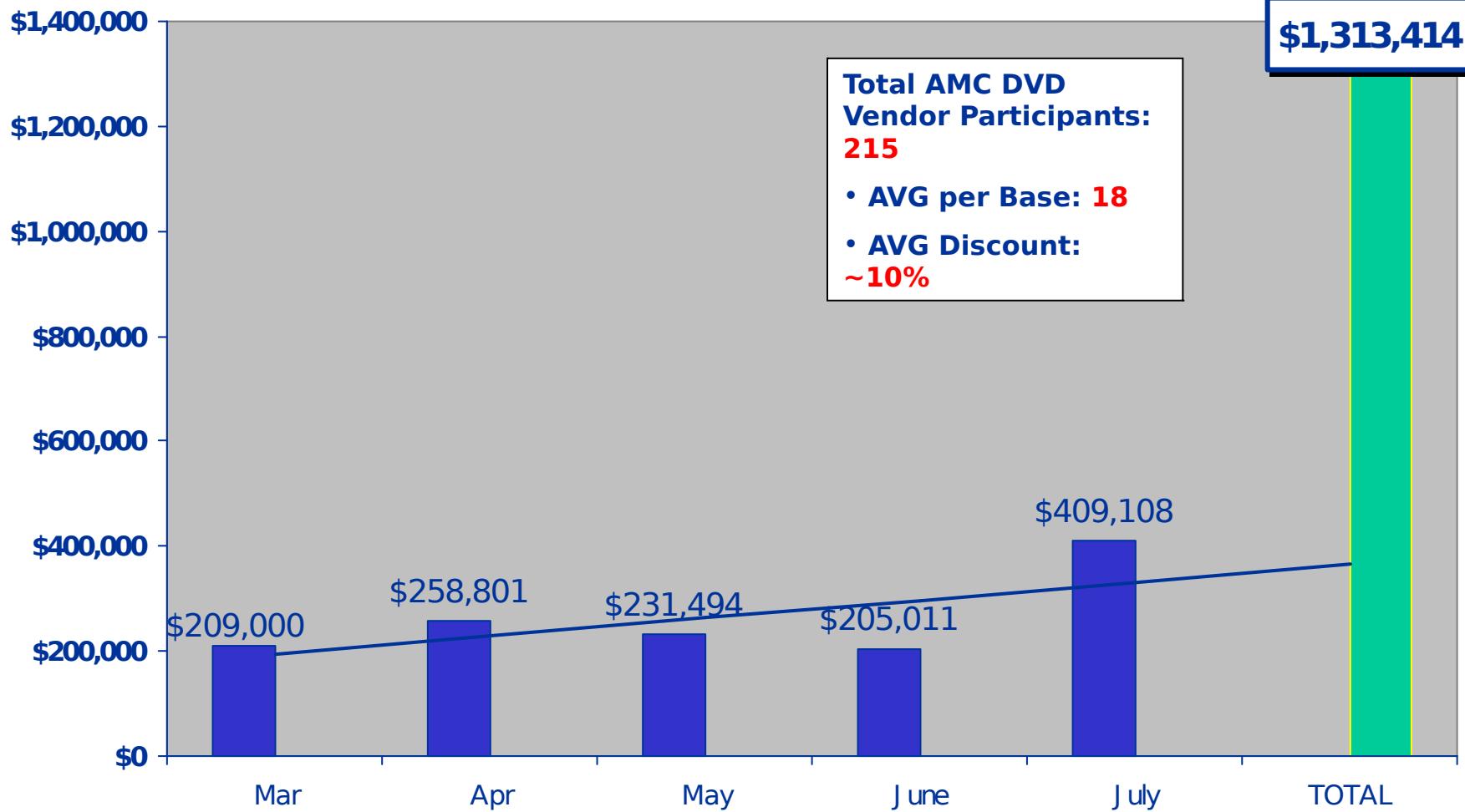
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Direct Vendor Discounts (DVD)



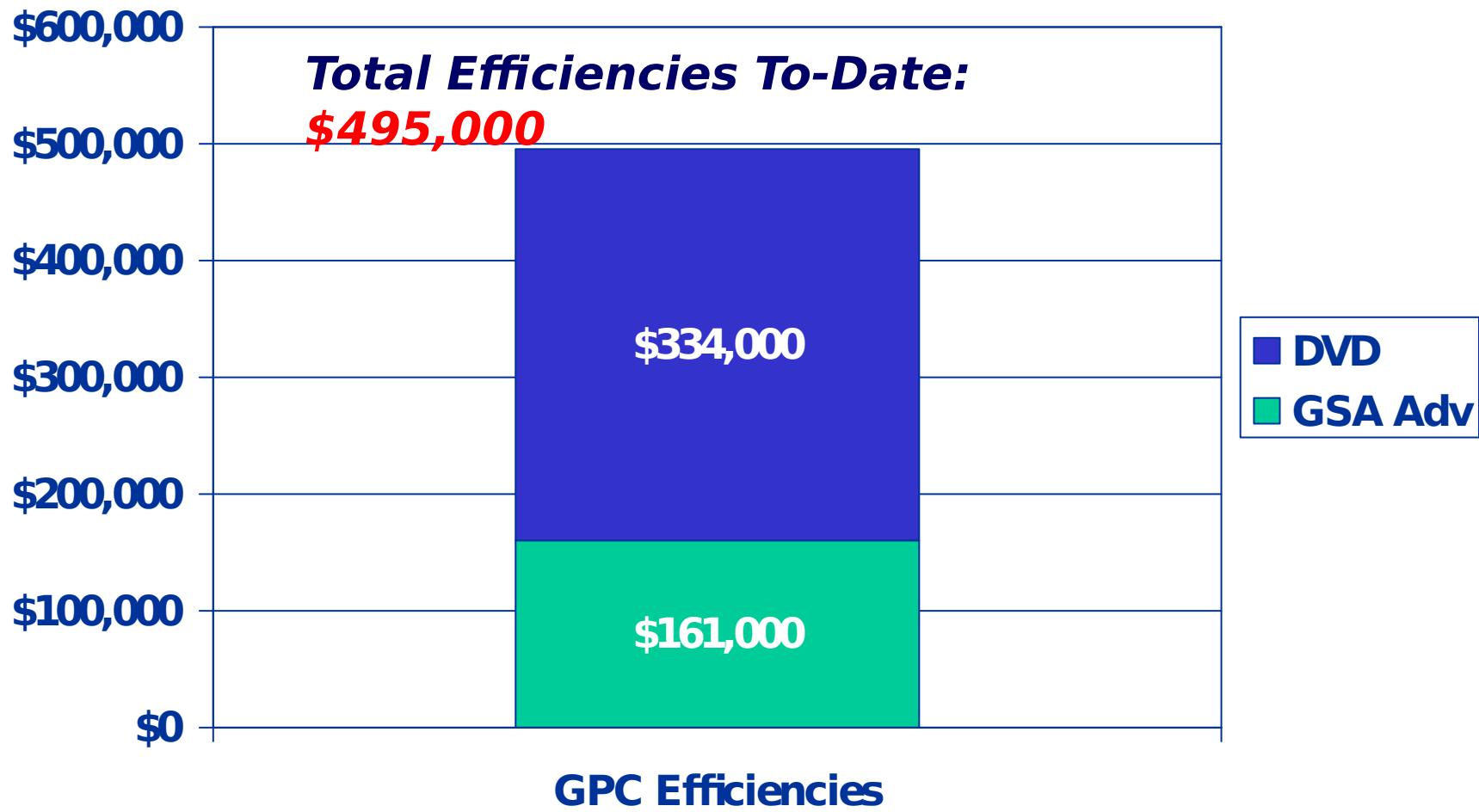
Spend (March-July 2003)



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AMC GPC Efficiencies To-Date (March-July 2003)





LOOKING AHEAD



- **MAJCOM Engagement with Nationwide Vendors**
- **Tap/Track Other Current Discount Sources**
- **Continue Engagement with GSA**
- **Search & Implement Other Purchasing Efficiencies Best Practices**



SUMMARY



- **ABE-GPC is Just Beginning..."tip of the Iceberg"**
 - **Good Progress So Far**
 - **Potential for Increased Efficiencies is High**
 - **More Opportunities Are Out There...Ideas/Best Practices Welcome**

- **ABE-GPC Balancing Act: *Increase Care in Purchasing Efficiencies while maintaining GPC Flexibility***



Goal: Greater Purchasing Efficiency

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**"By implementing my plan, we
can save 1¢ every ten years."**

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AMC ABE Points of Contact



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We Want Your
Feedback!

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Headquarters Air Mobility Command



QUESTIONS?



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Backup Charts

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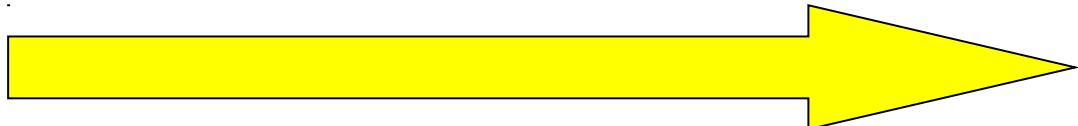
GPC SAMPLE RETAIL PURCHASES



Sample Purchases Across AMC

***Does GSA Really Save Us Money,
as Well as Time/Effort...?***

Yes...Most of the Time





GPC SAMPLE RETAIL PURCHASES



Boone® Anodized Aluminum Frame Dry-Erase Board, 48" x 72"

List Price **\$186.99**

Office DEPOT

What you need. What you need to know.

OfficeDepot.com Price

~~\$154.99~~



GSA Advantage Price (from Office Depot)
\$131.99

Average Savings..... **\$23.00 to \$55.00**

Enabling the "Global" in "Global Vigilance, Reach and Power!"



GPC SAMPLE RETAIL PURCHASES Cont...



Day Runner Organizer, 5-1/2 x 8-1/2", Black Vinyl w/ zipper

List Price **\$81.90**

Office DEPOT What you need. What you need to know. **ot.com Price** **\$61.99**

OfficeMax.com ...Working for the U.S. Government **.com Price** **\$62.99**

GSA Advantage! ...Working for the U.S. Government **Price (from Office Depot)**

\$49.27
GSA Advantage! ...Working for the U.S. Government

GSA Advantage Price (from Day Runner)
\$35.80 **(30**
day delivery)

Average Savings..... **\$13.72 to**
\$46.10 Enabling the "Global" in "Global Vigilance, Reach and Power!" **(22%)**



GPC SAMPLE RETAIL PURCHASES Cont...



Post it® Note Pads, 3x3, yellow, 12 pk

List Price

~~\$16.00~~

Office DEPOT

What you need. What you need to know.

~~OfficeMax.com~~ .com Price

~~\$7~~

~~Office STAPLES~~ .com Price



Staples .com Price

\$7.69

36% Savings with an Alternative Brand/Manufacturer

Enabling the “Global” in “Global Vigilance, Reach and Average Savings.....Paynet” **\$25 to**



GPC SAMPLE RETAIL PURCHASES Cont...



Toner Cartridge, HP C4096A, for HP LaserJet 2100 Series

List Price

\$145.20

Office DEPOT

What you need. What you need to know.

OfficeMax.com

\$90.00

Offi STAPLES.com Price

GSA Advantage!
...Working for the U.S. Government

.com Price

\$98.99

GSA Advantage Price (from Central Tech Inc.)...

\$49.00

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GPC SAMPLE RETAIL PURCHASES Cont...



CD Duplicator, Greystone® Datafast 5pt Turbo Load

CDW-Gov't Price



**GSA Advantage Price (from CDW-Gov't).....
\$6,083.08**

GSA Advantage Price (from Comark Gov't).....

\$6,055.00

(30 day delivery)

Average Savings.....\$578.89 to



GPC SAMPLE RETAIL PURCHASES Cont...



8-Drawer Tool Box, Proto®, 8-drawer 27"Top Chest w/ Ball Bearing Slides



Price

GSA Advantage Price (from Grainger).....
\$359.98

Savings.....

\$101.52

(22%) *Enabling the "Global" in "Global Vigilance, Reach and Power!"*



GPC SAMPLE RETAIL PURCHASES Cont...



Fluorescent Light, GE®, F40XL/SPX30 Enhanced Warm Tone, Long Life—Case of 30

GRAINGER.

~~\$16.77~~

GSA Advantage!

...Working for the U.S. Government

Price

GSA Advantage Price (from Grainger).....

\$15.01

Savings..... \$1.76

(10%) *Enabling the “Global” in “Global Vigilance, Reach and Power!”*